

# **INFORMATION MEMORANDUM**

**in relation to the initial coin offering of AX1 Tokens**

## **AX1 LIMITED**

**A private company incorporated in Jersey with registration number 125933**

**Dated: 26 March 2018**

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## 1. RISK WARNINGS

Prospective AX1 Tokenholders should carefully review the risk factors set forth in this section prior to purchasing any AX1 Tokens. Prospective AX1 Tokenholders should consider the purchase of any AX1 Tokens as involving a degree of financial risk and should therefore carefully consider the following risk factors (together with other matters set out elsewhere in this Information Memorandum).

Prospective AX1 Tokenholders should carefully consider the following factors, among others, in deciding whether to purchase any AX1 Tokens and should consult their own legal, tax and financial advisors as to these risks and purchasing any AX1 Tokens.

The following is a brief description of certain factors which should be considered prior to purchasing any AX1 Tokens. The following, however, does not purport to be a comprehensive summary of all the risks associated with any purchase of AX1 Tokens generally.

Please see the White Paper (attached as an Appendix to this Information Memorandum) for further information on the initial coin offering (the "ICO").

### 1.1 General risk warnings

**If you are considering purchasing any AX1 Tokens at the ICO and subsequent coin issuances or have already done so, be aware of the many risks this may entail, including the total loss of the price you paid to purchase any AX1 Tokens. The ICO is unregulated and may result in substantial risks for purchasers of the AX1 Tokens.**

**In particular, be aware that:**

- a) You will have no protection where the ICO is unregulated;**
- b) ICOs are a highly speculative form of investment;**
- c) Prospective AX1 Tokenholders should be prepared for the possibility of losing their investment completely; and**
- d) ICOs are not subject to existing capital markets regulations.**

Many financial regulators, including the European Securities and Markets Authority ("ESMA"), have observed a rapid growth in ICOs, which raise capital for enterprises, and are concerned that purchasers may not realise the high risks that they are taking when purchasing AX1 Tokens in ICOs.

ICOs are highly speculative. ICOs, depending on how they are structured, may fall outside of the regulated space, in which case AX1 Tokenholders do not benefit from the protection that comes with regulated investments. ICOs are also vulnerable to fraud or illicit activities, owing to their anonymity and their capacity to raise large amounts of money in a short timeframe.

If you are under any doubt as to the risks or suitability of the purchase of any AX1 Tokens, you should seek advice from an appropriately qualified financial adviser.

ICOs are extremely risky and highly speculative – we repeat here the guidance provided by ESMA with respect to general risks associated with ICOs. Prospective AX1 Tokenholders should realise that they are exposed to the following risks when purchasing AX1 Tokens:

- **Unregulated space, vulnerable to fraud or illicit activities** – depending on how they are structured, ICOs may not be captured by the existing rules and may fall outside of the regulated space. Some ICOs may be used for fraudulent or illicit activities, with several recent ICOs having been identified as frauds, while financial regulators cannot exclude that some are being used for money laundering purposes. In the case where an ICO does not fall under the scope of the laws and regulations of national or supra-national jurisdictions (such as ESMA), purchasers cannot benefit from the protection that these laws and regulations provide;
- **High risk of losing all of the capital paid** – the vast majority of ICOs are launched by businesses that are at a very early stage of development. Those businesses have an inherently high risk of failure. Many of the coins that are being issued have no intrinsic value other than the possibility to use them to access or use a service/product that is to be developed by the issuer. There is no guarantee that the services/products will be successfully developed and, even assuming that the project is successful, any eventual benefit may be extremely low relative to the capital paid for the coins;
- **Lack of exit options and extreme price volatility** – coinholders may not be able to trade their AX1 Tokens or to exchange them for traditional currencies, such as the US Dollar or Euro. Not all the coins are traded on virtual currency exchanges and when they are, like virtual currencies, their price may be extremely volatile. Many of those exchanges are unregulated and vulnerable to market price manipulation and fraudulent activities. Coinholders may be exposed to the lack of exit options or not be able to have their coins bought back for a prolonged period;
- **Inadequate information** – the information that is made available to prospective Coinholders or token purchasers, e.g. in so-called "white papers", is in most cases unaudited, incomplete, unbalanced or even misleading. It typically puts the emphasis on the potential benefits but not the risks. It is technical and not easily comprehensible. Prospective coinholders may therefore not understand the risks that they are taking and make decisions as to purchasing the coins that are not appropriate to their needs; and
- **Flaws in the technology** – the distributed ledger or blockchain technology that underpins the AX1 Tokens is still largely untested. There may be flaws in the code or programs that are used to create, transfer or store the AX1 Tokens. AX1 Tokenholders may not be able to access or control their AX1 Tokens may be stolen, e.g., in case of a hack. More generally, the technology may not function quickly and securely, e.g. during peaks of activity.

Purchasing AX1 Tokens involves a high degree of risk. You should consider carefully the risks described below, together with all of the other information contained in this Memorandum, before making a decision to purchase any AX1 Tokens. The following risks entail circumstances under which, our business, financial condition, results of operations and prospects could suffer.

## 1.2 **Risks associated with purchasing the AX1 Tokens.**

Specialist Advisors Limited (the "**Advisor**") – a supplier to the Issuer - may not successfully develop and market the AX1 Tokens. It will require the expertise of the Issuer's management, time and effort in order to develop the AX1 Tokens. It is possible that the AX1 Tokens may not meet AX1 Tokenholder expectations at the time of purchase. Furthermore, despite good faith and efforts to maintain the AX1 Tokens, it is still possible that the AX1 Tokens will experience malfunctions or otherwise fail to be adequately developed or maintained, which may negatively impact the AX1 Tokens.

While the Issuer has sought to retain and continue to competitively recruit experts, there is a general scarcity of management, technical, scientific, research and marketing personnel with appropriate training to maintain the AX1 Tokens.

***Purchasing new crypto currency projects involve a high degree of risk. Purchasing token resales may involve an even higher degree of risk.***

Financial and operating risks confronting new crypto currency projects are significant: Neither the Advisor nor the Issuer is immune to these. The market in which the Advisor competes is highly competitive and the percentage of companies that survive and prosper is small. New crypto currency projects often experience unexpected problems in the areas of product development, marketing, financing, and general management, among others, which frequently cannot be solved.

***The Advisor may be forced to cease operations or take actions that result in the Issuer's dissolution.***

It is possible that, due to any number of reasons, including, but not limited to, an unfavourable fluctuation in the value of cryptographic and fiat currencies, the inability by the Issuer and the Advisor to establish the AX1 Tokens' utility, the failure of commercial relationships, or intellectual property ownership challenges, the Issuer may no longer be viable to operate and the Issuer may dissolve or take actions that result in its dissolution.

***The tax treatment of the AX1 Tokens, the purchase rights contained therein and the AX1 Tokens' distribution is uncertain and there may be adverse tax consequences for AX1 Tokenholders upon certain future events.***

The tax characterization of the AX1 Tokens is uncertain, and each AX1 Tokenholder must seek its own tax advice in connection with a purchase of AX1 Tokens which may result in adverse tax consequences to AX1 Tokenholders, including withholding taxes, income taxes and tax reporting requirements. Each AX1 Tokenholder should consult with and must rely upon the advice of its own

professional tax advisors with respect to the treatment of any purchase of the AX1 Tokens and the rights contained therein.

### 1.3 Risks associated with the AX1 Tokens.

***The AX1 Tokens may not be widely adopted and may have limited users.***

It is possible that the AX1 Tokens will not be used by a large number of individuals, companies and other entities. Such a lack of use or interest could negatively impact the development of the AX1 Tokens and therefore the potential utility of the AX1 Tokens.

***Alternative crypto currencies may be established that compete with or are more widely used than the AX1 Tokens.***

It is possible that alternative crypto currencies could be established that utilize the same or similar open source code and protocol underlying the AX1 Tokens. The AX1 Tokens may compete with these alternative crypto currencies, which could negatively impact the AX1 Tokens.

***The open-source structure of the AX1 Tokens means that the AX1 Tokens may be susceptible to developments by users or contributors could damage the AX1 Tokens and the Advisor's reputation and could affect the utilization of the AX1 Tokens.***

The AX1 Tokens will operate based on an open-source protocol, the Ethereum blockchain, which is maintained by many contributors. The open-source nature of the Ethereum protocol means that it may be difficult to maintain and neither the contributors, the Advisor nor the Issuer may have adequate resources to address emerging issues or malicious programs that develop within Ethereum adequately or in a timely manner. Third parties not affiliated with the Issuer may introduce weaknesses or bugs into the core infrastructure elements of Ethereum and open-source code which may negatively impact the AX1 Tokens. Such events may result in a loss of trust in the security and operation of the AX1 Tokens and a decline in user activity and could negatively impact the market price of the AX1 Tokens.

***The AX1 Tokens may be the target of malicious cyberattacks or may contain exploitable flaws in its underlying code, which may result in security breaches and the loss or theft of the AX1 Tokens. If the AX1 Tokens' security is compromised or if the AX1 Tokens are subjected to attacks that frustrate or thwart the ability to use or transfer AX1 Tokens, users may cut back on or stop using the AX1 Tokens altogether, which could seriously curtail the utilisation of the AX1 Tokens and cause a decline in the market price of the AX1 Tokens.***

The AX1 Tokens' structural foundation, the open-source protocol, the software application and other interfaces or applications built upon the AX1 Tokens are still in an early development stage and are unproven, and there can be no assurances that the AX1 Tokens and the creating, transfer or storage of the AX1 Tokens will be uninterrupted or fully secure which may result in a complete loss of users' AX1 Tokens or an unwillingness of users to use AX1 Tokens. Further, the AX1 Tokens or their suppliers may also be the target of malicious attacks seeking to identify and exploit

weaknesses in the software or the AX1 Tokens which may result in the loss or theft of the AX1 Tokens. For example, if the AX1 Tokens are subject to unknown and known security attacks, this may materially and adversely affect the value of the AX1 Tokens.

***Lack of Initial Demand***

If there is insufficient initial demand there is a risk that the AX1 Tokens fail to gain support and grow as a currency. This risk is unknown until the ICO has commenced and demand has been identified.

***Risk that an AX1 Tokenholder will be unable to redeem in an eventual redemption***

There is a risk that an AX1 Tokenholder will be unable to redeem their AX1 Token(s) (pursuant to section 8.2 of this Information Memorandum) where appropriate controls are not met (including, but not limited to, confirmation of AX1 Token ownership, AML/CFT checks, international payment limitations, time limits for notification and a de minimis payment threshold).

***The value of the Segregated Account can go down as well as up***

The value of the Segregated Account (as defined in section 8 of this Information Memorandum) can go down as well as up, depending on a number of factors including, but not limited to, the value of the fiat and crypto currencies held in the Segregated Account and the trading and exchange mechanisms utilised by the Issuer (as set out at section 8.2 of this Information Memorandum). If the Segregated Account holds cryptocurrencies, such cryptocurrencies are subject to the same general risks associated with cryptocurrencies (as aforementioned in this Information Memorandum).

**1.4 Risks related to blockchain technologies and digital assets.**

***The regulatory regime governing the blockchain technologies, cryptocurrencies, AX1 Tokens and coin offerings such as the AX1 Tokens is uncertain, and new regulations or policies may materially adversely affect the development and the utility of the AX1 Tokens.***

Regulation of coins (including the AX1 Tokens) and coin offerings such as this, cryptocurrencies, blockchain technologies, and cryptocurrency exchanges currently is undeveloped and likely to rapidly evolve, varies significantly among international, US federal, US state and local jurisdictions and is subject to significant uncertainty. Various legislative and executive bodies in the United States, the EU and in other countries may in the future, adopt laws, regulations, guidance, or other actions, which may severely impact the development and growth of the AX1 Tokens and the adoption and use of the AX1 Tokens. Failure by the Issuer, the Advisor or certain users of the AX1 Tokens to comply with any laws, rules and regulations, some of which may not exist yet or are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines.

As blockchain networks and blockchain assets have grown in popularity and in market size, state, national and supra-national agencies have begun to take interest in, and in some cases regulate, their use and operation.

The regulation of non-currency use of blockchain assets is also uncertain. To the extent that a domestic government or quasi-governmental agency exerts regulatory authority over a blockchain network or asset, the AX1 Tokens may be materially and adversely affected.

Various jurisdictions may, in the near future, adopt laws, regulations or directives that affect the AX1 Tokens. Such laws, regulations or directives may directly and negatively impact our business. The effect of any future regulatory change is impossible to predict, but such change could be substantial and materially adverse to the development and growth of the AX1 Tokens and the adoption and widespread use of the AX1 Tokens.

New or changing laws and regulations or interpretations of existing laws and regulations may materially and adversely impact the value of the currency in which the AX1 Tokens may be exchanged, the liquidity of the AX1 Tokens, the ability to access marketplaces or exchanges on which to trade the AX1 Tokens, and the structure, rights and transferability of the AX1 Tokens.

***The AX1 Tokenholders will have no control and the Issuer may only have limited control following the issuance of the AX1 Tokens.***

The AX1 Tokens depend on a network of computers to run certain software programs to process transactions. Because of this less centralized model, both the Advisor and the Issuer have limited control over the recording of the AX1 Tokens once issued. In addition, purchasers of AX1 Tokens are not and will not be entitled, to vote or receive dividends or be deemed the holder of capital stock of the Issuer for any purpose, nor will anything be construed to confer on the holders any of the rights of a stockholder of the Issuer or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action or to receive notice of meetings, or otherwise.

***There may be occasions when certain individuals involved in the development and launch of the AX1 Tokens may encounter potential conflicts of interest in connection with the ICO, such that said party may avoid a loss, or even realize a gain, when other purchasers of the AX1 Tokens are suffering losses.***

There may be occasions when certain individuals involved in the development and launch of the AX1 Tokens may encounter potential conflicts of interest in connection with this Initial Coin Offering, such that said party may avoid a loss, or even realize a gain, when other purchasers of the AX1 Tokens are suffering losses. Purchasers of the AX1 Tokens may also have conflicting purchase, tax, and other interests with respect to the AX1 Tokens, the AX1 Tokens' code, the timing of the network launch or other coin pre-sales, or other factors. Decisions made by the key employees of the Advisor on such matters may be more beneficial for some AX1 Tokenholders than for others.

***Holders may lack information for monitoring the AX1 Tokens.***

AX1 Tokenholders may not be able to obtain all information it would want regarding the AX1 Tokens on a timely basis or at all. It is possible that a holder may not be aware on a timely basis of material adverse changes that have occurred with respect to the AX1 Tokens.

***The Issuer and the AX1 Tokens have no history.***

An AX1 Token will be a newly formed token and neither it nor the Issuer has any operating history. Each prospective AX1 Tokenholder should evaluate such potential purchase on the basis that the AX1 Tokens, the Advisor or any third party's assessment of the prospects of the AX1 Tokens may not prove accurate. Past performance of the Advisor or any similar token is not predictive of future results.

***If the AX1 Tokens are unable to satisfy data protection, security, privacy, and other government and industry-specific requirements, their growth could be harmed.***

There are a number of data protection, security, privacy and other government- and industry-specific requirements, including those that require companies to notify individuals of data security incidents involving certain types of personal data. Security compromises could harm the AX1 Token's reputation, erode user confidence in the effectiveness of its security measures, negatively impact its ability to attract further people to use the AX1 Tokens, or cause existing holders to sell their AX1 Tokens.

***The further development and acceptance of blockchain networks, which are part of a new and rapidly changing industry, are subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of blockchain networks and blockchain assets would have an adverse material effect on the successful development and adoption of the AX1 Tokens.***

The growth of the blockchain industry in general, as well as the blockchain networks with which the AX1 Tokens will rely and interact, is subject to a high degree of uncertainty. The factors affecting the further development of the cryptocurrency industry, as well as blockchain networks, include, without limitation:

- Worldwide growth in the adoption and use of Bitcoin, Ethereum and other blockchain technologies;
- Government and quasi-government regulation of Bitcoin, Ethereum and other blockchain assets and their use, or restrictions on or regulation of access to and operation of blockchain networks or similar systems;
- The maintenance and development of the open-source software protocol of the Ethereum network;
- Changes in consumer demographics and public tastes and preferences;

- The availability and popularity of other forms or methods of buying and selling goods and services, or trading assets including new means of using fiat currencies or existing networks;
- General economic conditions and the regulatory environment relating to cryptocurrencies; or
- A decline in the popularity or acceptance of Bitcoin, Ethereum or other blockchain-based coins would adversely affect our results of operations.

The slowing or stopping of the development, general acceptance and adoption and usage of blockchain networks and blockchain assets may deter or delay the acceptance and adoption of the AX1 Tokens.

***The prices of blockchain assets are extremely volatile. Fluctuations in the price of digital assets could materially and adversely affect our business, and the AX1 Tokens may also be subject to significant price volatility.***

The prices of blockchain assets such as Bitcoin have historically been subject to dramatic fluctuations and are highly volatile, and the market price of the AX1 Tokens may also be highly volatile. Several factors may influence the market price of the AX1 Tokens, including, but not limited to:

- Global blockchain asset supply;
- Global blockchain asset demand, which can be influenced by the growth of retail merchants' and commercial businesses' acceptance of blockchain assets like cryptocurrencies as payment for goods and services, the security of online blockchain asset exchanges and digital wallets that hold blockchain assets, the perception that the use and holding of blockchain assets is safe and secure, and the regulatory restrictions on their use;
- AX1 Tokenholders' expectations with respect to the rate of inflation;
- Changes in the software, software requirements or hardware requirements underlying the AX1 Tokens;
- Changes in the rights, obligations, incentives, or rewards for the various participants in the AX1 Tokens;
- Interest rates;
- Currency exchange rates, including the rates at which digital assets may be exchanged for fiat currencies;

- Fiat currency withdrawal and deposit policies of blockchain asset exchanges on which the AX1 Tokens may be traded and liquidity on such exchanges;
- Interruptions in service from or failures of major blockchain asset exchanges on which the AX1 Tokens may be traded;
- Purchase and trading activities of large purchasers that may directly or indirectly purchase AX1 Tokens or other blockchain assets;
- Monetary policies of governments, trade restrictions, currency devaluations and revaluations;
- Regulatory measures, if any, that affect the use of blockchain assets such as the AX1 Tokens;
- The maintenance and development of the open-source software protocol of the AX1 Tokens;
- Global or regional political, economic or financial events and situations; or
- Expectations among the Issuer or other blockchain assets participants that the value of the AX1 Tokens or other blockchain assets will soon change.

A decrease in the price of a single blockchain asset may cause volatility in the entire blockchain asset industry and may affect other blockchain assets including the AX1 Tokens. For example, a security breach that affects AX1 Tokenholder or user confidence in Bitcoin may affect the industry as a whole and may also cause the price of the AX1 Tokens and other blockchain assets to fluctuate.

#### ***Bank misappropriation or insolvency***

The Issuer may allocate some the proceeds from the sale of the AX1 Tokens into deposit accounts held with various banks. There is a risk that the banks could become insolvent and/or misappropriate the funds.

#### ***General hacking***

There are a number of suppliers associated with the deployment of the AX1 Token proceeds; any one of these may be susceptible to a hack or fraud, which may have a negative impact on the value of the AX1 Tokens.

#### ***Fraud***

The AX1 Tokens are not fully decentralised, and there is a risk that an employee of the Issuer, the Advisor, the Administrator or one of its suppliers conducts fraudulent activities which could undermine the value of the AX1 Tokens.

**IN VIEW OF THE FOREGOING CONSIDERATIONS, AMONG OTHERS, A PURCHASE OF ANY AX1 TOKEN(S) IS SUITABLE ONLY FOR PURCHASERS WHO ARE CAPABLE OF BEARING THE RELEVANT RISKS AND WHO CAN AFFORD TO PAY THE MINIMUM PURCHASE AMOUNT.**

**THE FOREGOING RISK FACTORS DO NOT PURPORT TO BE A COMPLETE EXPLANATION OF THE RISKS INVOLVED IN THIS OFFERING. PROSPECTIVE AX1 TOKENHOLDERS MUST READ THE ENTIRE INFORMATION MEMORANDUM INCLUDING THE RELEVANT SUPPLEMENTS AND ALL ATTACHMENTS AND MUST CONSULT THEIR OWN PROFESSIONAL ADVISERS, BEFORE DECIDING WHETHER TO PURCHASE ANY AX1 TOKEN(S).**

## 2. **IMPORTANT INFORMATION, JERSEY REGULATORY WARNINGS AND RESTRICTIONS ON DISTRIBUTION**

### 2.1 **Important Information**

This document (the "**Information Memorandum**") does not constitute an offer or solicitation by any person in any jurisdiction in which the offer or solicitation is unlawful or in which the person making the offer or solicitation is not qualified to do so or to persons to whom it is unlawful to make the offer or solicitation. Persons into whose possession this Information Memorandum comes are required to inform themselves about, and to observe, the laws and regulations applicable to them in the relevant jurisdiction.

Prospective AX1 Tokenholders should not construe the contents of this Information Memorandum as legal, tax or financial advice. Each prospective AX1 Tokenholder should consult its own professional advisors as to:

- (a) the legal requirements within the country of its residence for the purchase, holding or disposal of the AX1 Tokens;
- (b) any foreign exchange restrictions that may be relevant to it and the income and other tax consequences that may be relevant to the purchase, holding or disposal of the AX1 Tokens; and
- (c) the suitability of a purchase of the AX1 Tokens to its personal circumstances and risk appetite.

A purchase of AX1 Tokens is only suitable for financially sophisticated purchasers who are capable of evaluating the merits and risks of such a purchase and who have sufficient resources to be able to bear any losses which may result from such purchase. Prospective AX1 Tokenholders are strongly advised to conduct their own due diligence including, without limitation, the legal, tax, and financial consequences of purchasing any AX1 Tokens.

To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this Information Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information. However, this Information Memorandum has not been subject to independent verification and the Directors accept responsibility for the accuracy or completeness of the statements contained in this Information Memorandum. Prospective AX1 Tokenholders must, therefore, determine for themselves what reliance (if any) they should place on the statements contained in this Information Memorandum.

This Information Memorandum includes forward-looking statements relating to, among other things, the future financial performance and objectives of the Issuer, the AX1 Tokens and the ICO, plans and expectations for the operation of the Issuer, the AX1 Tokens and the ICO, and estimates or expectations for fees, costs and expenses. These forward-looking statements are typically

identified by terminology such as "may", "will", "aim", "target", "should", "expect", "anticipates", "plans", "intends", "believes", "estimates", "projects", "predicts", "seeks", "potential", "continue" or other similar terminology. Forward-looking statements are inherently unreliable, and prospective AX1 Tokenholders should not rely on them. The forward-looking statements are based on the Issuer's current expectations, assumptions, estimates and projections about future events. Actual results are subject to numerous risks, conditions, and uncertainties that could cause actual results to differ materially from those expressed in a forward-looking statement as a result of factors such as those described in "Risk Factors" at section 1 of this Information Memorandum and elsewhere in this Information Memorandum. The Issuer does not have any obligation to update or otherwise revise any forward-looking statements after the date of this Information Memorandum or to reflect the occurrence of unanticipated events. The Auditor has neither reviewed nor audited any of the calculations, figures, or forward looking statements contained in this Information Memorandum.

No person has been authorised to make any representations or to give any warranties or to give any information with respect to the AX1 Tokens, except the information contained in this Information Memorandum. Neither the delivery of this Information Memorandum at any time nor any sale made pursuant hereto shall imply that information contained herein is correct as of any time subsequent to the date set forth on the cover of this Information Memorandum. Any reproduction or distribution of this Information Memorandum or retransmission of their contents in whole or in part to any person other than a prospective AX1 Tokenholder's professional advisers, without the consent of the Issuer, is prohibited.

The Issuer reserves the right to refuse to accept the offer of any prospective AX1 Tokenholder to purchase any AX1 Tokens for any reason or no reason.

The advisers of the Issuer named in this Information Memorandum act only for the Issuer in connection with the ICO described in this Information Memorandum and will not be responsible for providing the protections offered to their clients or for advising any other person in connection with the ICO.

This Information Memorandum may, from time to time, be supplemented with supplements to this Information Memorandum or other offering documents. In that event, the disclosures contained in such supplements to this Information Memorandum or other offering documents shall supersede this Information Memorandum to the extent thereof.

The Directors of the Issuer have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

Purchasing any AX1 Tokens involves special risks, and should be considered only by persons who can bear the economic risk of their purchase for an indefinite period and who can afford a total loss of their purchase. Please see section 1 (Risk Factors) of this Information Memorandum for further information on the risks involved in this ICO.

The Directors reserve the right to modify, withdraw or cancel any offering made pursuant to this Information Memorandum at any time prior to consummation of the offering and to reject any purchase of the AX1 Tokens, in whole or in part, in their sole discretion.

This Information Memorandum is intended solely for use on a confidential basis by those persons to whom it is transmitted by the Issuer in connection with the contemplated Initial Coin Offering. Recipients, by their acceptance and retention of this Information Memorandum, acknowledge and agree to preserve the confidentiality of the contents of this Information Memorandum and all accompanying documents and to return this Information Memorandum and all such documents to the Issuer or the Administrator if the recipient does not purchase any AX1 Tokens at the Initial Coin Offering. Neither this Information Memorandum nor any of the accompanying documents may be reproduced in whole or in part, nor may they be used for any purpose other than that for which they have been submitted, without the prior written consent of the Issuer.

Neither the Directors nor the Issuer are making any representation to any prospective AX1 Tokenholder regarding the legality of purchases of any AX1 Tokens by such prospective AX1 Tokenholders under applicable laws.

The distribution of this Information Memorandum and the Initial Coin Offering in certain jurisdictions may be restricted by law. Prospective AX1 Tokenholders should inform themselves as to the legal requirements and tax consequences within the countries of their citizenship, residence, domicile and place of business with respect to the acquisition, holding or disposal of the AX1 Tokens, and any foreign exchange restrictions that may be relevant thereto.

## **2.2 Jersey Regulatory Warnings**

A copy of this document has been delivered to the Registrar of Companies in accordance with Article 5 of the Companies (General Provisions) (Jersey) Order 2002, and he has given, and has not withdrawn, his consent to its circulation.

The Commission has given, and has not withdrawn, its consent under Articles 2 and 4 of the Control of Borrowing (Jersey) Order 1958 to the issue of securities in the Issuer.

The Commission is protected by the Control of Borrowing (Jersey) Law 1947, as amended, against liability arising from the discharge of its functions under that Law.

It must be distinctly understood that, in giving these consents, neither the Registrar of companies nor the Commission takes any responsibility for the financial soundness of the Issuer or for the correctness of any statements made, or opinions expressed, with regard to it.

If you are in any doubt about the contents of this document you should consult your stockbroker, bank manager, solicitor, accountant or other financial adviser.

The directors of the Issuer have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects, and that there are no other facts the

omission of which would make misleading any statement in the document, whether of facts or of opinion. All the directors accept responsibility accordingly.

It should be remembered that the price of securities and the income from them can go down as well as up.

### 2.3 **Restrictions on Distribution**

This Information Memorandum does not constitute an offer to sell, or the solicitation of an offer to acquire, AX1 Tokens in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Issuer.

### 3. **DIRECTORY**

#### **The Issuer**

AX1 Limited  
28 Esplanade  
St Helier, Jersey, JE2 3QA

#### **The Administrator to the Issuer**

JTC (Jersey) Limited  
28 Esplanade  
St Helier, Jersey, JE2 3QA

#### **Specialist Advisors Limited**

The Old Vicarage  
51 St John Street  
Ashbourne, Derbyshire, DE6 1GP

#### **AX Holdings Limited**

28 Esplanade  
St Helier, Jersey, JE2 3QA

#### **Itility Limited**

Elizabeth House  
Victoria Street  
Manchester, M11 2NX

#### **The Legal Adviser as to Jersey Law**

Carey Olsen  
47 Esplanade  
St Helier, Jersey, JE1 0BD

#### **Directors of the Issuer**

Mr. Stuart Anderson  
Mr. Mark Shaw  
Mr. Carlo Martinengo  
*(each of whose address is the registered office address of the Issuer)*

#### **The Auditor to the Issuer**

Grant Thornton Limited  
Kensington Chambers, 46/50 Kensington Place,  
St Helier, Jersey, JE1 1ET

#### **AX Group BV**

Johannes Vermeerplein 11  
1071 DV Amsterdam  
The Netherlands

#### **MA Marketing Limited**

Queens Court  
Queen Street  
Manchester, United Kingdom, M2 5HX

#### **AX1 Mining Limited**

545 Hyde Road  
Manchester  
England, M12 5NQ

#### 4. OVERVIEW OF THE ICO

- 4.1 The information set out in this summary should be read in conjunction with the full text of this Information Memorandum. Please see the White Paper (attached as an Appendix to this Information Memorandum) for further information on the Initial Coin Offering.

##### *Introduction – Mining*

- 4.2 The primary activity of the Issuer will be to issue the AX1 Tokens and receive the ICO proceeds. AX1 Mining Limited, a UK subsidiary of the Issuer, will own and maintain networks of computers (or "miners") which are to be used in the mining process of cryptocurrencies (as more fully explained at section 4.4 of this Information Memorandum) and secure the data centres (as referred to at section 4.8 of this Information Memorandum).
- 4.3 Cryptocurrencies rely on the combined power of various computers across the globe to log and validate each transaction in the blockchain. Mining is an essential part of the blockchain process and involves:
- 4.3.1 lending a computer or computers to assist with maintaining the decentralised ledger for cryptocurrencies and therefore to validate transactions in the blockchain (in the case of this ICO, the mining operation will be conducted from the data centres, as set out at section 4.8 of this Information Memorandum); and
  - 4.3.2 solving computationally difficult problems before any other miners, for which it earns a block reward ("coins") (please see the Issuer's White Paper ('*What is Mining?*') for more information on the mining process).

##### *Assets and Value*

- 4.4 In summary, the Issuer, via its UK subsidiary AX1 Mining Limited, will establish a centralised mining pool consisting of a network of computers at two data centres (see below), where the collective processing power is aimed at giving AX1 Mining Limited a competitive edge in mining for coins. Each block reward or coin will depend on the cryptocurrency mined.
- 4.5 AX1 Mining Limited will acquire miners, which will be installed at state-of-the-art data centres (as more fully described at section 4.8 of this Information Memorandum).
- 4.6 The assets of AX1 Mining Limited will therefore initially consist of the miners and thereafter of the coins successfully mined. The value of the coins will fluctuate and AX1 Mining Limited will seek to sell some coins for a profit and hold others to appreciate in value over time, and will rely on the advice and recommendations of an investment advisory committee, to be constituted by the Adviser (see below at section 4.9). The Issuer will not make any other investments.
- 4.7 It is intended that the intrinsic value of an AX1 Token derives from its entitlement to a pro-rated share of 50% of the profits received by the Issuer from the mining activity undertaken by its

subsidiary, AX1 Mining Limited. Please see section 8 (Rights Attaching to an AX1 Token) for more details.

### **Data Centres**

4.8 An essential for the Issuer's and AX1 Mining Limited's successful mining operations will be the data centres where the miners will be located. The two data centres to be secured by AX1 Mining Limited are as follows:

4.8.1 Two floors of a data centre at Belle Vue in Manchester to be leased by AX1 Mining Limited (or an affiliate) from Itility Limited for up to five years (with an option to purchase upon termination) - [https://itility.co.uk/wp-content/uploads/2016/12/Itility\\_Brochure-v2.2.pdf](https://itility.co.uk/wp-content/uploads/2016/12/Itility_Brochure-v2.2.pdf).

4.8.2 A site in Warrington which has planning permission to be converted into a data centre – AX1 Mining Limited will secure an option to acquire the site from the owner, Itility Limited.

### **Advisory Committee**

4.9 The Advisor will appoint a committee, comprising the Advisor and a specialist crypto currency advisor which initially will be Alchemy Crypto Consulting (the "**Advisory Committee**"). The Advisor may subsequently appoint another crypto currency advisor to sit on the Advisory Committee.

4.10 The Advisory Committee will be responsible for:

4.10.1 advising the Issuer and AX1 Mining Limited on which coins to sell for a profit and which coins to hold onto to appreciate in value over time; and

4.10.2 selecting the appropriate exchanges for listing the AX1 Tokens.

### **Use of ICO Proceeds**

4.11 The Issuer will invest the proceeds from the issuance of the AX1 Tokens into its mining operations and fitting out the mining centres via AX1 Mining Limited. The proceeds will be used primarily in payment of the following:

4.11.1 suitable miners to be sourced by the Issuer which may, by way of example, include an Antminer S9 ([https://shop.bitmain.com/antminer\\_s9\\_asic\\_bitcoin\\_miner.htm?flag=overview](https://shop.bitmain.com/antminer_s9_asic_bitcoin_miner.htm?flag=overview));

4.11.2 rental amounts payable in respect of leasing the first data centre premises in Manchester;

4.11.3 securing an option to buy the site for the second data centre;

4.11.4 electricity and other utility bills payable in connection with the mining operations;

- 4.11.5 payment of service providers, including the fitters, mining consultants, and developers to build the online portal (please see section 6 of this Information Memorandum for details of additional service providers); and
- 4.11.6 amounts payable for the ongoing maintenance of miners to ensure they work optimally and efficiently.

### ***Target Proceeds***

- 4.12 The target subscription proceeds of the ICO is US\$1,000,000 ("**First Hurdle**"), which is the minimum amount of working capital required to get the first data centre operational. The Advisor has received a positive response to the AX1 ICO proposal and expects the First Hurdle to be easily achievable.
- 4.13 Each potential purchaser will be required to specify how many AX1 Tokens they would like to purchase and send the appropriate amount of Ether. At this point, the smart contract will verify that the amount of Ether is appropriate to the Stage requirements (i.e. more than the minimum amount to purchase at once) and will accept/reject the transaction if the criteria (i.e. the stage requirements at section 7.1 of this Information Memorandum) are not met.
- 4.14 As it has received the amount required to meet the First Hurdle in a private pre-sale of AX1 Tokens from an institutional investor and initial non-binding commitments from a number of investors, the Advisor expects to approximately cover the cost of the ICO from these funds (such costs will include the costs of legal advice, regulation, smart contract development, staff for marketing and communication and direct marketing expenses such as social media space, banners, and paid articles). The remainder of the pre-secured funding will be utilised for the purchase of miners and the core operations of AX1. 85% of the ICO proceeds (raised during stages 1, 2, 3 and 4 of the ICO, as more fully described at section 7.1 of this Information Memorandum) used entirely for investments and for building the company.
- 4.15 The Ether proceeds from the ICO will be split and:
  - 4.15.1 Retained in Ether – and used to pay for the costs of goods and services in relation to the mining operation, such as payments to mining companies, for example; or
  - 4.15.2 Converted into fiat currency – on a reputable exchange (or exchanges) after full due diligence has been carried out and all anti-money laundering procedures followed.

### **Primary issue of AX1 Tokens**

- 4.16 The Issuer will offer AX1 Tokens to purchasers pursuant to an ICO in four stages (each, a "**Stage**"), with the first Stage to achieve the First Hurdle. AX1 Tokens will initially be discounted to reward early purchasers and the issue price will increase in each Stage.
- 4.17 In order to purchase AX1 Tokens, each potential purchaser must sign up to the AX1 website and register their details. An ABI (Application Binary Interface) will be provided via the 'buying portal' embedded in the website which allows participants to interact with the smart contract. Only Ether will be accepted as payment to purchase AX1 Tokens.
- 4.18 Each potential purchaser will be required to specify how many AX1 Tokens they would like to purchase and send the appropriate amount of Ether. At this point, the smart contract will verify that the amount of Ether is appropriate to the Stage requirements (i.e. more than the minimum amount to purchase at once) and will accept/reject the transaction if the criteria are not met (i.e. the stage requirements as set out at section 7.1 of this Information Memorandum).
- 4.19 If successful, the tokens will be minted immediately and sent to the user's wallet, however, the wallet will not show the balance of the tokens in the respective wallet until the Issuer supplies them with the token address which will be emailed to each purchaser if the ICO is successful.
- 4.20 Initial purchasers may buy AX1 Tokens during the ICO using only Ether.

### **Secondary market**

- 4.21 The AX1 Tokens may subsequently be transferred by an AX1 Tokenholder to another person only via a digital currency exchange on which the AX1 Tokens are listed. The Advisory Committee will select the appropriate exchanges (e.g. HitBTC – <https://hitbtc.com/>) for listing the AX1 Tokens based on the exchange's AML/CFT requirements and the number of users per exchange.
- 4.22 It is not possible to predict the price of an AX1 Token on a secondary market. However, the Issuer will publish the balance of the Segregated Account (as defined at section 8 of this Information Memorandum) monthly on the Issuer's website (<https://ax1.io/>) (or elsewhere as the directors may from time to time determine and as notified on the Issuer's website). It is expected that the price of an AX1 Token on a secondary exchange will correlate to the published value of the balance of the Segregated Account.

### **Affiliate Campaign**

- 4.23 The Issuer wishes to run an 'affiliate campaign' as a partnership project designed to encourage participation in the ICO and to help advertise the ICO. 'Affiliates' will use their own resources to promote the ICO. For doing so participants of AX1 mining's affiliate campaign will be rewarded with AX1 tokens at the end of the ICO. The Issuer will set aside up to 2% of the total number of AX1 Tokens to be distributed between the affiliates at the end of the ICO sale (i.e. at end of Stage 4, as more fully described at section 7.1 of this Information Memorandum).

- 4.24 The affiliate campaign will run until the last day of the ICO and in order to receive the affiliate bonus each affiliate is expected to participate until the end of the ICO.
- 4.25 Affiliates will be split into affiliate pools based on their method of distribution (for example, twitter, facebook, Instagram, blogs, translation, bitcointalk).
- 4.26 The fairest way to share the 2% pool of AX1 Tokens affiliate bonus is by using the 'stakes' or 'shares' distribution system. Each affiliate will be awarded 'stakes' for every successful task they complete.
- 4.27 The Issuer will approve the marketing material used by affiliates. For example, the Twitter affiliate campaign will involve affiliates re-tweeting pre-approved content which will have originated with the Issuer. This will ensure that the Issuer pre-approves the content of marketing being used by affiliates and prevent the misselling of the AX1 Tokens.
- 4.28 At the end of the ICO, the affiliate pools for each distribution method will be distributed amongst the total affiliates in each category based on the number of 'stakes' that they hold. In other words, an affiliate with 2000 stakes will receive twice the amount of AX1 tokens/coins than an affiliate who has earned 1000 stakes. Affiliates will be rewarded if their work is verifiable by way of a weekly manual verification of each affiliate's Google sheet records of their marketing of the AX1 Tokens.

## 5. JERSEY REGULATORY TREATMENT OF ISSUER

5.1 There are currently no existing capital markets regulations in Jersey governing initial coin offerings ("ICOs"). However, the Jersey Financial Services Commission (the "JFSC") is aware of the desire of ICO promoters to use a Jersey incorporated issuer because of Jersey's reputation as a well-regulated and reputable jurisdiction.

5.2 Accordingly, in order to give prospective ICO investors a degree of protection and comfort that may not be available in many other jurisdictions, and being mindful of the guiding principles pursuant to which the JFSC discharges its functions as the Island's financial services regulator (the "**Guiding Principles**") which are to have regard to:

5.2.1 the reduction of the risk to the public of financial loss due to dishonesty, incompetence, malpractice or the financial unsoundness of financial service providers;

5.2.2 the protection and enhancement of Jersey's reputation and integrity in commercial and financial matters;

5.2.3 the best economic interests of Jersey; and

5.2.4 the need to counter financial crime both in Jersey and elsewhere,

the JFSC has required the Issuer to obtain a consent from the JFSC under the Control of Borrowing (Jersey) Order 1958 for the issue of tokens pursuant to the ICO (a "**COBO Consent**").

5.3 The COBO Consent imposes on the Issuer certain requirements which reflect the Guiding Principles, including to:

5.3.1 appoint and maintain a Jersey resident director on the board of the Issuer;

5.3.2 appoint a Jersey administrator licensed by the JFSC under the Financial Services (Jersey) Law 1998 to act as administrator to the Issuer;

5.3.3 obtain the JFSC's prior approval to any change either to the Issuer's administrator or the Jersey resident director of the Issuer;

5.3.4 prepare and file annual audited accounts with the Jersey Companies Registry;

5.3.5 acknowledge that ICOs are a "sensitive activity" falling within the JFSC's Sound Business Practice Policy. Accordingly, the Issuer must maintain and adopt systems, controls, policies and procedures for the customer take-on, profiling and transaction monitoring at enhanced levels ensuring reporting of suspicions of money-laundering and financing of terrorism activity;

- 5.3.6 prepare and submit to the JFSC for its approval an Information Memorandum which complies with certain content requirements required of a prospectus issued by a company under the Companies (Jersey) Law 1991; and
- 5.3.7 include in any marketing material (including the Information Memorandum) certain prescribed consumer warnings (as set out at section 1.1 of this Information Memorandum).

## 6. MANAGEMENT AND ADMINISTRATION

### 6.1 The Issuer

The Issuer is a private limited company established in Jersey with registration number 125933 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.

The Directors of the Issuer have control and authority over and responsibility for the operations and management of the Issuer. The Directors of the Issuer may appoint additional persons as Directors from time to time. The Directors will be responsible for ensuring compliance with the Issuer's ICO restrictions.

The Directors of the Issuer are:

#### **Mr. Stuart Anderson**

Stuart is the owner of the Advisor and the financial architect for 6 investment companies with offices across the globe. This group is responsible for more than £12bn of investment assets, spanning private equity, real estate, project finance, financial services, information technology, manufacturing, retail and public markets.

In addition, Stuart holds a number of directorships in businesses that are directly associated with the facilitation of investment services and financial products. These companies include businesses performing structural, legal functions such as sponsorship of products or “master lender” functions for administrative control or product design and creation.

Over his career he has amassed a global network of professionals from all specialisms and he will utilise this network to deliver the ambitions of the AX Group.

#### **Mr. Mark Shaw**

A University of Durham Alumnus with 9 years of experience in the software and SAAS industry, Mark is responsible for delivering and defining current and long term product strategies across multiple brands and platforms, and taking products from strategic planning and conception to market.

#### **Mr. Carlo Martinengo**

With over 30 years' experience in financial services, 11 years of which spent at JTC, Carlo oversees an administration team responsible for the provision of corporate services to a wide range of structures, including ESCROW, JPUTS, Limited Partnerships, employee benefit trusts and corporate entities with asset classes as diverse as Residential and Commercial Real Estate development and crypto currencies.

Each director will be remunerated as follows:

**Mr. Stuart Anderson** – no remuneration.

**Mr. Mark Shaw** – no remuneration.

**Mr. Carlo Martinengo** – £5,000 per annum (pursuant to the Administration Agreement).

## 6.2 **Advisory Committee**

6.1 The Advisor will appoint a committee, comprising the Advisor and cryptocurrency consultants (initially, Alchemy Crypto Consulting) (the "**Advisory Committee**").

6.2 The Advisory Committee will be responsible for:

6.2.1 advising the Issuer and AX1 Mining Limited on which coins to sell for a profit and which coins to hold onto to appreciate in value over time; and

6.2.2 selecting the appropriate exchanges for listing the AX1 Tokens.

## 6.3 **The Administrator**

The Administrator is JTC (Jersey) Limited, a company incorporated in Jersey on 23 March 1987 with registration number 37293 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.

The Issuer has delegated the administration of the Issuer to the Administrator on the terms of an Administration Agreement. Such administration services include the Administrator acting as the company secretary of the Issuer.

The Administrator is a company incorporated in Jersey with limited liability on 23 March 1987 under the Companies Law. The Administrator is the holder of a licence to conduct fund services business and trust company business with licence number 0025 and is regulated by the Commission.

## 6.4 **The Auditor**

The Auditor of the Issuer is Grant Thornton Limited, a company incorporated in Jersey on 9 October 2007 with company number 98924 and whose registered office address is at Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE1 1ET.

The Auditor's principal responsibilities are to audit and express an opinion on the financial statements of the Issuer in accordance with applicable law and accounting standards.

## 6.5 **The Advisor / Specialist Advisors Limited**

The Advisor, Specialist Advisors Limited, is a company incorporated in England and Wales with registered number 09273474 and whose registered office address is The Old Vicarage, 51 St John Street, Ashbourne, Derbyshire, DE6 1GP.

The Advisor will be responsible for selecting and appointing the members of the Advisory Committee and paying fees to any sub-contractors and/or additional service providers in relation to the Issuer and/or the ICO, pursuant to an advisory agreement to be entered into between the Advisor and the Issuer (the "**Advisory Agreement**").

#### 6.6 **AX Holdings Limited**

AX Holdings Limited is a company incorporated in Jersey on 23 March 2018 with registration number 126034 and whose registered office address is at 28 Esplanade, Jersey, St Helier JE2 3QA, United Kingdom.

AX Holdings Limited's principal responsibilities are to hold the shares in the Issuer and AX1 Mining Limited to ensure full transparency for all AX1 Tokenholders and for ease of audit purposes.

#### 6.7 **AX1 Mining Limited**

AX1 Mining Limited is a company incorporated in England and Wales on 22 January 2018 with registration number 11160868 and whose registered office address is at 545 Hyde Road, Manchester, England, M12 5NQ.

AX1 Mining Limited's principal responsibilities are to undertake the operational activity on behalf of the AX1 Tokenholders, acquire the networks of computers (or "miners") which are to be used in the mining process of cryptocurrencies, secure the data space centres at which the "miners" will be based and to manage the cryptocurrency portfolio.

#### 6.8 **Itility Limited**

Itility Limited is a company incorporated in England and Wales on 23 September 2002 with registration number 04541808 and whose registered office address is at Elizabeth House, Victoria Street, Manchester, M11 2NX.

Itility Limited's principal responsibilities are:

- a. **IT specialist** – providing programming and coding and procuring infrastructure to enable the effective mining and operating of the AX1 Tokens;
- b. **Maintenance** – providing support staff for the maintenance of the "miners"; and
- c. **Lessor** – Itility Limited is the owner and operator of the first data centre location at Belle Vue in Manchester - [https://itility.co.uk/wp-content/uploads/2016/12/Itility\\_Brochure-v2.2.pdf](https://itility.co.uk/wp-content/uploads/2016/12/Itility_Brochure-v2.2.pdf). The Issuer will enter into a lease agreement (the "**Lease**") with Itility Limited to secure two floors for up to five years.

#### 6.9 **MA Marketing Limited**

MA Marketing Limited is a company incorporated in England and Wales on 26 October 2017 with registration number 11034191 and whose registered office address is at Queens Court, Queen Street, Manchester, United Kingdom, M2 5HX.

MA Marketing Limited's principal responsibilities will be to provide access to digital platforms (e.g. Native) to market the AX1 Tokens.

#### 6.10 **Additional Service Providers**

Additional service providers may be appointed from time to time according to the requirements of the Issuer.

For example, the Advisor may appoint consultants (initially, Alchemy Crypto Consulting) to provide an ad hoc advice on hardware and marketing. Any fees payable to any additional service providers appointed by the Advisor will be payable by the Advisor (please see section 11.9 of this Information Memorandum for further details on costs and expenses).

## 7. PROCEDURE FOR PURCHASE OF AX1 TOKENS

### 7.1 Minimum Purchase Amount

7.1.1 Prospective AX1 Tokenholders may only acquire AX1 Tokens with Ether, and not using fiat currency.

7.1.2 The minimum purchase amount (in Ether) (the "**Minimum Purchase Amount**") will depend on the timing and the number of AX1 Tokens released during each stage of the ICO and is as follows:

Stage of ICO	Stage 1	Stage 2	Stage 3	Stage 4
Price of an AX1 Token	Ether equivalent of US\$0.80	Ether equivalent of US\$0.90	Ether equivalent of US\$1.00	Ether equivalent of US\$1.20
Minimum number of AX1 Tokens to be purchased	100 (one hundred)	50 (fifty)	25 (twenty five)	10 (ten)
Stage length	1 week	1 week	2 weeks	4 weeks
AX1 Tokens released	1.75 million	3 million	5.75 million	Remaining available AX1 Tokens, including any unsold AX1 Tokens from the previous stages (20 million AX1 Tokens are available in the crowd sale, however 22,222,222 can be issued to cover the allocation to the affiliate campaign and the founders).

### 7.2 Procedure for purchase of AX1 Tokens

- 7.2.1 Prospective AX1 Tokenholders must register on the ICO's website ([www.ax1.io](http://www.ax1.io)).
- 7.2.2 Prior and subsequent to purchasing AX1 Tokens, AML/CFT checks will be conducted on the prospective AX1 Tokenholders via a third party AML verification provider ([www.coinfirm.io/aml-cft](http://www.coinfirm.io/aml-cft)).
- 7.2.3 Prospective AX1 Tokenholders may complete the AML/CFT checks prior to the launch of the ICO by registering on the ICO's website. Prospective AX1 Tokenholders who register during the ICO will be subject to the AML/CFT checks and, should they fail such checks, will have their AX1 Tokens reclaimed.
- 7.2.4 Once a prospective AX1 Tokenholder has been passed such AML/CFT checks, a special digital signature will be created for that prospective AX1 Tokenholder.
- 7.2.5 When a prospective AX1 Tokenholder seeks to purchase AX1 Tokens, the Issuer's smart contract on top of the Ethereum Blockchain will confirm the validity of that prospective AX1 Tokenholder's digital signature.
- 7.2.6 The Issuer will have the right to reclaim AX1 Tokens from any prospective AX1 Tokenholder if that prospective AX1 Tokenholder fails to pass any AML/CFT checks; in such an event, the prospective AX1 Tokenholder would be notified by email and their funds returned.
- 7.2.7 The Issuer will also run an AML/CFT analysis (provided by a third party) on a prospective AX1 Tokenholder's blockchain history and may order a more in-depth report should the initial analysis reveal any potential issues, or if the prospective AX1 Tokenholder is subscribing for a large number of AX1 Tokens.
- 7.2.8 The AX1 Tokens will be minted immediately and sent to the AX1 Tokenholder's digital wallet; however, the digital wallet will not show the balance of the AX1 Tokens until the Issuer supplies the AX1 Token address, which will be emailed to each AX1 Tokenholder if the ICO is successful. The AX1 Tokenholders will be blocked from transferring their AX1 Tokens to anyone else (including on digital exchanges) until they have passed their AML/CFT checks and the ICO is successful. If any AX1 Tokenholder fails their AML/CFT checks, their AX1 Tokens will be reclaimed by the Issuer.
- 7.2.9 During the ICO Offer Period, AX1 Tokens will not be credited to the prospective AX1 Tokenholder until the ICO Offer Period has completed.

## 8. RIGHTS ATTACHING TO AN AX1 TOKEN

### 8.1 Economic Rights

8.1.1 After deduction of any costs and liabilities incurred by the Issuer, fifty per cent (50%) of the profits received by the Issuer from its subsidiary, AX1 Mining Limited, in respect of the mining activity undertaken by AX1 Mining Limited will be placed in a segregated account (the "**Segregated Account**") in order to attribute value to the AX1 Tokens.

8.1.2 The Issuer will have no further entitlement to withdraw (or use for the Issuer's purposes) funds once placed in the Segregated Account, save that the Issuer may in its sole and absolute discretion (i) utilise the segregated funds in any future 'proof of stake' or similar mechanism (provided such utilisation does not put the utilised funds at risk of loss), (ii) hold the funds in such account in any fiat currency or virtual currency asset which is capable of being audited (or any combination of the same) and (iii) to carry out exchange operations between such currencies.

8.1.3 The Segregated Account will be audited on an annual basis (such audit to comprise part of the Issuer's audit) and the balance of the Segregated Account will be published monthly on the Issuer's website (<https://ax1.io/>) (or elsewhere as the directors may from time to time determine and as notified on the Issuer's website).

### 8.2 Rights of AX1 Tokenholders on a Winding Up of the Issuer

8.2.1 For as long as the business of the Issuer continues, an AX1 Tokenholder will have no legal or beneficial entitlement to any funds in the Segregated Account or any other right to redeem their AX1 Tokens in any circumstance whatsoever.

8.2.2 Upon the winding up of the Issuer or earlier if the Issuer determines, the balance of the Segregated Account will be available for distribution to AX1 Tokenholders through an appropriate mechanism, and subject to appropriate controls (including, but not limited to, confirmation of AX1 Token ownership, AML/CFT checks, international payment limitations, time limits for notification and a *de minimis* payment threshold). The costs associated with the distribution will be paid from the Segregated Account.

8.2.3 Any undistributed balance of the Segregated Account will be dealt with at the discretion of the Issuer or the liquidator respectively (which may include a donation to an appropriate charitable cause).

### 8.3 AX1 Tokenholders are not shareholders in the Issuer

8.3.1 As AX1 Tokenholders are **not** shareholders in the Issuer, they have **no** rights under the Issuer's memorandum and articles of association.

8.3.2 AX1 Tokenholders are **not** entitled to:

- (a) vote at any meetings of the Issuer;
- (b) vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof;
- (c) give or withhold consent to any corporate action or to receive notice of meetings, or otherwise;
- (d) receive dividends from the Issuer; or
- (e) be deemed the holder of capital stock of the Issuer for any purpose.

8.3.3 A summary of the Articles of Association is not included in this Information Memorandum as AX1 Tokenholders are not shareholders in the Issuer and have no rights under the Articles of Association.

8.3.4 In the interests of transparency, the Articles of Association are available to view online via the following link: <http://ax1.io>.

## 9. TAXATION

### 9.1 Jersey Taxation

It is the responsibility of all prospective AX1 Tokenholders to inform themselves as to any tax consequences arising from their purchase of any AX1 Tokens and the Issuer's operations or management, as well as any foreign exchange or other fiscal or legal restrictions, which are relevant to their particular circumstances in connection with the acquisition, holding or disposition of the AX1 Tokens. Prospective AX1 Tokenholders should therefore seek their own separate tax advice in relation to their holding of the AX1 Tokens and accordingly neither the Issuer nor the Advisor accept any responsibility for the taxation consequences of any purchase of AX1 Tokens by any AX1 Tokenholder.

The Issuer is treated as a separate 'zero rated company' and will fall to be assessed under Article 123C of the Income Tax (Jersey) Law 1961, as amended (the "**1961 Law**"), as a Jersey resident company which is neither a "utility company" nor a "financial services company" and as such will be charged to Jersey income tax at a rate of zero per cent (0%) on its income (other than on receipts chargeable to tax under Schedule A of the 1961 Law - which relates broadly to income or profits derived from the ownership, disposal or development of land in Jersey).

No death duties, capital gains tax, gift, inheritance or capital transfer taxes are levied in Jersey. No stamp duty is levied in Jersey on the issue, transfer or buyback of AX1 Tokens held, but probate stamp fees may be payable at the rate of up to 0.75% of the value of the Jersey estate in the event of the death of the AX1 Tokenholder.

The attention of Jersey residents is drawn to the provisions of Article 134A of the 1961 Law which may in certain circumstances render such a resident liable to income tax on any undistributed income or profits of the Issuer.

A Jersey goods and services tax ("**GST**") applies at a standard rate of five per cent (5%) on the majority of goods and services supplied in Jersey for local use or benefit. The Issuer will apply for International Services Entity status under the Goods and Services Tax (Jersey) Law 2007 (the "**GST Law**"). In connection with their International Services Entity status the Issuer will pay an annual fee to the Comptroller of Income Tax in Jersey, which is currently fixed at two hundred Pounds Sterling (£200). As an International Services Entity, the Issuer will not be required to charge GST and in most situations will not be subject to a GST charge on goods and services provided to them.

### 9.2 International Tax Compliance

#### ***Common Reporting Standard***

The OECD has developed a new global standard for the automatic exchange of financial information between tax authorities (the "**Common Reporting Standard**" or "**CRS**"). The CRS has been implemented in the EU by way of the Revised Directive on Administrative Co-Operation (Council Directive 2014/107/EU). Jersey is a signatory to the CRS and intends to conduct its first exchange of

information with tax authorities of other signatory jurisdictions in September 2017. Jersey legislation which implements the CRS in Jersey came into effect on 1 January 2016 (the "**Jersey CRS Legislation**").

In summary, the Jersey CRS Legislation requires "reporting financial institutions" in Jersey to identify, review and report on "financial accounts" maintained by them and which are held by residents for tax purposes (whether individuals or entities with "Controlling Persons" who themselves are tax residents) of jurisdictions with which Jersey has agreed to exchange information.

Reports will be made to the Jersey Comptroller of Taxes and then passed to the competent authority of the jurisdiction in which the account holder is resident. Although the Issuer will attempt to satisfy any obligations imposed on it by the CRS, no assurance can be given that it will be able to satisfy such obligations. Implementation of the CRS may require the Issuer to conduct additional due diligence and report upon accounts held with it by AX1 Tokenholders who are reportable persons in other participating jurisdictions. As the Jersey CRS Legislation also provides for the "wider approach" of CRS to be followed, equivalent due diligence information will be demanded for a AX1 Tokenholder who is not a resident of a participating jurisdiction (in order to avoid the need for this information to be gathered retrospectively in future years). The Issuer may also require certain additional financial information from AX1 Tokenholders to comply with its due diligence and reporting obligations under the CRS.

Failure by the Issuer to comply with the obligations under the CRS may result in fines being imposed on the Issuer and in such event, the target returns of the Issuer may be materially affected. All prospective AX1 Tokenholders must agree to provide the Issuer at the time or times prescribed by applicable law and at such times reasonably requested by the Issuer such information and documentation (whether relating to themselves and/or beneficial owners) prescribed by applicable law and such additional documentation reasonably requested by the Issuer as may be necessary for the Issuer to comply with its obligations under CRS.

Prospective AX1 Tokenholders should consult their tax advisers with regard to the potential CRS tax reporting and certification requirements associated with a purchase of the AX1 Tokens. It is further recommended that prospective AX1 Tokenholders who are entities consider themselves whether they have any obligations to notify their respective shareholders or accountholders about the information that the Issuer requests, and the potential disclosures that the Issuer will be obliged to make in connection with those persons in complying with its obligations under CRS.

**This Information Memorandum does not address legal, regulatory or taxation issues outside of Jersey. Accordingly, prospective AX1 Tokenholders should consult their professional advisers on the potential tax, exchange control and other consequences of purchasing, holding or selling AX1 Tokens under the laws of their country of citizenship, domicile or residence.**

## 10. CONFLICTS OF INTEREST

- 10.1 The Directors, the Advisor and the Administrator or companies with which any of them are associated may from time to time act in relation to, or be otherwise involved in, other companies which have similar objectives to those of the Issuer. It is therefore possible that any of them may, in the course of business, have potential conflicts of interest with the Issuer. Each will, at all times, have regard in such event to its obligations to the Issuer and will endeavour to ensure that such conflicts are resolved fairly. In addition, any of the foregoing may deal as principal or agent with the Issuer, provided that such dealings are carried out as if effected on normal commercial terms negotiated on an arm's length basis. Neither the Advisor nor any of its affiliates nor any person connected with it is under any obligation to offer any ICO opportunities of which any of them becomes aware to the Issuer or to account to the Issuer in respect of (or share with the Issuer or inform the Issuer of) any such transaction or any benefit received by any of them from any such transaction. In determining the net asset value of the Issuer, the Directors may rely on valuations provided or attributed to any asset or liability by the Administrator and/or the Advisor.
- 10.2 Members of the Advisor's group, their affiliates or any person connected with them advise, sponsor or manage other companies, vehicles or accounts in which only the Advisor's investors, entities and partners, employees, affiliates or other persons connected with the Advisor's group may invest. Such companies, vehicles or accounts may pursue the same or a similar investment objective and use the same or a similar investment approach as the Issuer, or may employ investment approaches that are more or less leveraged or risky. The partners, employees or affiliates of members of, or other persons connected with, the Advisor's group, or other investment professionals, involved in advising, sponsoring or managing such companies, vehicles or accounts may, or may not, provide similar services to, or fulfil similar roles in respect of, the Issuer. Accordingly, such proprietary companies, vehicles or accounts may produce investment results that are substantially different from those of the Issuer. To the extent that the Issuer invests in similar markets and investments at or about the same time, such other companies, vehicles or accounts may compete with the Issuer with respect to such investments. The potential fees payable to the Advisor or another member of the Advisor's Group by another Advisor entity might in certain circumstances exceed the potential fees payable by the Issuer. Members of the Advisor's Group will allocate resources as they in their sole discretion consider appropriate in managing the assets of the Issuer and any other proprietary and/or non-proprietary companies, vehicles or accounts in accordance with their respective investment objectives and approaches.
- 10.3 Any director of the Issuer who has, directly or indirectly, an interest in a transaction entered into or proposed to be entered into by the Issuer or by a subsidiary of the Issuer which to a material extent conflicts or may conflict with the interests of the Issuer, and of which the director is aware, will be required to disclose to the Issuer the nature and extent of their interest. Notwithstanding such interests, each of the directors will be entitled to be counted in the quorum and vote on the matters to be discussed at the Issuer's board meetings.

- 10.4 The Directors will seek to ensure that any conflict of interest of which they are aware is resolved fairly.
- 10.5 By acquiring or continuing to hold AX1 Tokens, each AX1 Tokenholder will be deemed to have acknowledged the existence of the actual or potential conflicts of interests described above and to have waived, to the fullest extent permitted by applicable law, any claim with respect to the existence of any such conflicts.
- 10.6 The foregoing does not purport to be a complete list of all potential conflicts of interest involved in a purchase of any AX1 Tokens.

## 11. STATUTORY AND GENERAL INFORMATION

This section contains statutory and general information in relation to the ICO. Please see the White Paper (attached as an Appendix to this Information Memorandum) for further information on the ICO.

### 11.1 The Initial Coin Offering (ICO)

Having fully considered the White Paper (attached as an Appendix to this Information Memorandum), you are invited, subject to the terms of the White Paper and this Information Memorandum, to purchase AX1 Tokens issued by the Issuer.

### 11.2 Opening and Closing dates of the ICO

The ICO offer period (the "ICO Offer Period") will:

11.2.1 open at 16:00 pm (UTC) on 16 April 2018; and

11.2.2 remain open until 16:00 pm (UTC) on the day that is eight (8) weeks from the above date (or such other time as shall be selected by the Directors).

### 11.3 The Maximum Number of AX1 Tokens

11.3.1 20,000,000 (twenty million) AX1 Tokens are available in the crowd sale, however 22,222,222 (twenty two million, two hundred and twenty two thousand, two hundred and twenty two) can be issued to cover the allocation to the affiliate campaign and the founders.

### 11.4 AX1 Token Issue Price

11.4.1 The Issuer cannot issue AX1 Tokens at less than the prices stated at section 7.1 of this Information Memorandum during the ICO Offer Period.

11.4.2 1,250,000 (one million, two hundred and fifty thousand) AX1 Tokens have been allocated to a cornerstone investor pursuant to a private pre-sale of AX1 Tokens.

### 11.5 Proceeds of the ICO

Please see section 4.11 of this information Memorandum for details of the use of proceeds of the ICO.

### 11.6 Allocation

The Issuer reserves the right to decline in whole or in part any attempt to purchase AX1 Tokens. Accordingly, prospective AX1 Tokenholders may, in certain circumstances, not be allotted and issued the number of AX1 Tokens for which they have applied.

## 11.7 Changes to the Information Memorandum

In the event that there are any significant changes affecting any of the matters described in this Information Memorandum or where any significant new matters have arisen after the publication of this Information Memorandum and prior to the ICO, the Issuer may publish a supplementary document. Any such supplementary document will give details of the significant change(s) or the significant new matter(s).

## 11.8 Payment

11.8.1 Payment for the AX1 Tokens should be made in accordance with settlement instructions to be provided to successful purchasers of AX1 Tokens by the Issuer.

11.8.2 To the extent that any attempt to purchase AX1 Tokens is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant as soon as practicable thereafter.

11.8.3 The Issuer will not be held liable for any costs incurred in returning funds, or the movements in exchange rates if any funds have been converted from one currency to another during the purchase process.

## 11.9 Costs

11.9.1 On the assumption that the ICO launches and raises gross proceeds of the Ether equivalent of the First Hurdle, up to eighty five per cent (85%) of those gross proceeds will be spent on the payment of the costs of the ICO, the costs of the Issuer, and the costs incurred by the Issuer's service providers, which sums may include (but are not limited to) set up costs, commissioning costs, costs associated with preparing the data centres, legal fees, the accrual of salaries paid to the Directors, and any incentive fees payable to certain person(s) assisting with the ICO.

11.9.2 The expenses of the Issuer and AX1 Mining Limited (including but not limited to the set up costs, commissioning and marketing costs, directors' fees and reasonable expenses and the costs of preparing the data centres) will be deducted from the ICO subscription proceeds. Such expenses will be capped at ten per cent (10%) of the total subscription proceeds raised from the ICO.

11.9.3 The Advisor will be entitled to an advisory fee comprising of 5 per cent (5%) of the total ICO subscription proceeds pursuant to the Advisory Agreement. In addition, the Advisor will be retained on a fixed monthly fee of £20,000 (twenty thousand GBP) to ensure the full Advisory Committee is at the disposal of AX1 Mining Limited, AX Holdings Limited and the Issuer. The Advisor will be responsible for the payment of fees to any subcontractors and/or additional service providers appointed by the Advisor in relation to the ICO.

11.9.4 The Issuer has already received initial non-binding commitments from a number of investors, from which the Issuer expects to fully cover the costs of the ICO and meet the First Hurdle.

11.9.5 In the event that the ICO raises less than the First Hurdle, the Advisor will cover the costs of the Issuer's service providers or will provide a loan to the Issuer to cover any shortfall in the payment of such costs, to be repaid out of any future surplus of the Issuer once the ICO raises an amount in excess of the First Hurdle.

#### **11.10 Anti-money laundering / due diligence**

11.10.1 Each of the Issuer and its agents, reserves the right to request such information as is necessary:

- (a) to satisfy applicable due diligence requirements; and
- (b) to verify the identity of a AX1 Tokenholder or prospective AX1 Tokenholder and (if any) the underlying beneficial owner or prospective beneficial owner of a AX1 Tokenholder's or prospective AX1 Tokenholder's AX1 Tokens.

11.10.2 In the event of delay or failure by the AX1 Tokenholder or prospective AX1 Tokenholder to produce any information required for due diligence and / or verification purposes, the Directors, in consultation with any of the Issuer's agents, may refuse to accept an attempt to purchase AX1 Tokens or will reclaim any issued AX1 Tokens:

- (a) in the event of a delay by the AX1 Tokenholder to provide any information required for due diligence and / or verification purposes, the Issuer will reclaim any AX1 Tokens issued after 21 (twenty one) days; and
- (b) in the event of a failure by the AX1 Tokenholder to provide any information required for due diligence and / or verification purposes, the Issuer will reclaim any AX1 Tokens issued to that AX1 Tokenholder.

#### **11.11 Purchase and transfer restrictions**

This Information Memorandum does not constitute an offer to sell, or the solicitation of an offer to acquire, AX1 Tokens in any jurisdiction where such an offer or solicitation is unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Issuer.

#### **11.12 Legal implications of purchasing AX1 Tokens in the ICO**

11.12.1 A prospective AX1 Tokenholder irrevocably offers to purchase AX1 Tokens, which offer is capable of acceptance or rejection by the Directors either in whole or in part. If the offer is accepted by the Directors either in whole or in part this Information Memorandum forms a

binding contract between the Issuer and the AX1 Tokenholders.

11.12.2 None of the agreements appointing the Administrator, Auditor, legal counsel or any other of the Issuer's service providers provide for any third party rights in favour of the AX1 Tokenholders.

#### **11.13 Rights Attaching to an AX1 Token**

11.13.1 Please see section 8 of this Information Memorandum for more information on the rights attaching to an AX1 Token.

#### **11.14 Financial Information and Reports**

11.14.1 The Issuer's year-end will be 31 March. The first financial year of the Issuer will end on 31 March 2019.

11.14.2 The audited annual accounts of the Issuer will be available on the AX1 website (<http://ax1.io>) within 6 months after the end of the financial year to which they relate. The Issuer may also issue management updates from time to time.

#### **11.15 Distribution Policy**

The Directors currently intend to use any proceeds from the ICO in accordance with section 4.11 (Use of the ICO proceeds) and the White Paper (attached as an Appendix to this Information Memorandum) and do not intend to pay any dividends to its shareholders, or to make any ex gratia payments to AX1 Tokenholders.

#### **11.16 Incorporation and Share Capital**

11.16.1 The Issuer was incorporated in Jersey on 6 March 2018 with registration number 125933 and whose registered office is at 28 Esplanade, St Helier, Jersey, JE2 3QA.

11.16.2 As at the date of this Information Memorandum:

- (a) the Issuer's issued share capital comprised two (2) shares (fully paid) issued to AX Holdings Limited; and
- (b) the Issuer's authorised share capital is £10,000 made up of 10,000 shares of par value £1.00 each.

11.16.3 The Directors retain the right to issue an unlimited number of shares.

#### **11.17 Registered Office and Register of Members**

11.17.1 The registered office of the Issuer is 28 Esplanade, St Helier, Jersey, JE2 3QR.

11.17.2 The Issuer's register of members will be held at 28 Esplanade, St Helier, Jersey, JE2 3QR.

11.17.3 There will not be a register of members in relation to the AX1 Tokenholders, as the ownership of AX1 Tokens is evidenced on the blockchain.

#### **11.18 Directors of the Issuer**

11.18.1 The Directors of the Issuer are as follows:

- (a) Mr. Stuart Anderson;
- (b) Mr. Mark Shaw; and
- (c) Mr. Carlo Martinengo.

11.18.2 For further details on the Directors please view the biographies at section 6 (Management and Administration) of this Information Memorandum.

#### **11.19 Directors' Interests and Remuneration**

11.19.1 Please see section 6.1 for details of each Director's remuneration.

11.19.2 Mr. Stuart Anderson is a director of the Issuer, a director and an owner of the Advisor, the promoter of the Issuer, a director of AX Holdings Limited, a director of AX1 Mining Limited, and the ultimate beneficial owner of 172 B.V. (the owner of the issued share capital in AX Group BV).

11.19.3 Mr. Mark Shaw is a director of the Issuer, a director of MA Marketing Limited, a service provider to the Issuer, a director of AX Holdings Limited, a director of AX1 Mining Limited, and an employee of the Advisor.

11.19.4 Mr. Carlo Martinengo is a director of the Issuer, a director of AX Holdings Limited and an employee of the JTC group.

11.19.5 Please see section 10 (Conflicts of Interest) for more information on conflicts of interest.

#### **11.20 Litigation**

The Issuer has not since its incorporation been in nor is it engaged in any legal or arbitration proceedings and no legal or arbitration proceedings are pending or threatened against the Issuer which may have or have had a significant effect on the financial position of the Issuer.

#### **11.21 Documents available for inspection**

Copies of the following documents may be inspected during usual business hours on any Business Day at the registered office of the Issuer in Jersey at the address stated in the Directory of this Information Memorandum:

11.21.1 this Information Memorandum; and

11.21.2 the latest annual report and accounts of the Issuer.

## 11.22 **Material Contracts**

The Issuer in the ordinary course of its business has, or will have, entered into agreements for the procurement of necessary facilities and services. These include:

- (a) the Administration Agreement;
- (b) the Advisory Agreement (as defined at section 6.5 of this Information Memorandum); and
- (c) the Lease (as defined at section 6.8 of this Information Memorandum).

## 11.23 **Data Protection**

11.23.1 Information relating to prospective AX1 Tokenholder(s) (and, where applicable, any underlying investor(s)) will be transferred to and/or requested by the Issuer and/or the Administrator. The Issuer will act as a "data controller" and will hold any Personal Data in accordance with the Data Protection (Jersey) Law 2005 of Jersey and any applicable secondary legislation or any other legislation in force in Jersey from time to time concerning data protection.

11.23.2 Any Personal Data will be held by the Issuer and may processed for the following purposes:

- (a) to undertake and administer the Issuer's operations and business, including maintaining the register of members and mailing lists, verifying the identity of the Issuer in connection with any actual or proposed investments or for any other purpose which the Directors and/or the Administrator consider is in the legitimate business interest of the Issuer;
- (b) to carry out statistical analysis or market research;
- (c) to comply with the listing, legal, regulatory, reporting and/or financial obligations of the Issuer or legal or regulatory obligations of any service provider or functionary (or his/her employer) of the Issuer;
- (d) for archiving and record keeping purposes;
- (e) to contact the AX1 Tokenholder(s) with information about other products and services provided by the Issuer and/or any of their affiliates, which may be of interest to the prospective investor; and
- (f) for any other specific purpose to which the prospective investors have given consent or for any purpose reasonably ancillary to the foregoing.

11.23.3 Personal Data may be disclosed to:

- (a) affiliates or group companies of the Issuer and any professionals, advisors or agents appointed by the Issuer;
- (b) any service providers appointed by the Issuer (including but not limited to the Administrator) and its or their affiliates or group companies, agents or professional advisors, and functionaries of the Issuer (including their employer);
- (c) regulatory or governmental authorities if required pursuant to applicable law or regulatory requirements.

11.23.4 This may include sharing Personal Data with third parties in one or more of the countries mentioned below (and these countries may have different (and possibly lower) standards of data protection legislation). Any transfer of Personal Data shall be in accordance with the Jersey Data Protection Legislation, which includes the requirement to take appropriate technical and organisational measures to prevent the unauthorised or unlawful processing of personal data and safeguard against accidental loss or destruction of or damage to personal data.

11.23.5 The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland, the British Virgin Islands, the Cayman Islands and the United States of America.

11.23.6 Personal Data must be retained on record for a period of up to 10 years after it is no longer used in order to comply with regulatory requirements. Thereafter, personal data shall be deleted unless there is a specific ongoing reason for its retention (which may include but shall not be limited to meeting legal or regulatory obligations).

11.23.7 Details of the registration of the General Partner as data controller can be found on the website of the Jersey Information Commissioner: [www.dataci.je](http://www.dataci.je).

## 12. DEFINITIONS

The following definitions will apply throughout this Information Memorandum:

<b>Accounting Date</b>	means 31 March each year. The first financial year of the Issuer will end on 31 March 2019.
<b>Administrator</b>	means JTC (Jersey) Limited, a company incorporated in Jersey on 23 March 1987 with registration number 37293 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.
<b>Administration Agreement</b>	means the agreement entered into between the Administrator and the Issuer, as amended, substituted or supplemented from time to time.
<b>Advisor</b>	means Specialist Advisors Limited, a company incorporated in England and Wales with registered number 09273474 and whose registered office address is The Old Vicarage, 51 St John Street, Ashbourne, Derbyshire, DE6 1GP.
<b>Advisory Agreement</b>	has the meaning as set out at section 6.5 of this Information Memorandum.
<b>Alchemy Crypto Consulting</b>	means Alchemy Crypto Consulting, a company incorporated in the British Virgin Islands with registration number 1951561 and whose registered office address is at Horizon Chambers, Main Street, Road Town, Tortola, VG1110, British Virgin Islands.
<b>Articles of Association</b>	means the memorandum and articles of association of the Issuer, as amended, substituted or supplemented from time to time.
<b>Auditor</b>	means Grant Thornton Limited a company incorporated in Jersey on 9 October 2007 with registration number 98924 and whose registered office address is at Kensington Chambers, 46/50 Kensington Place, St Helier, Jersey, JE1 1ET.
<b>AX Group BV</b>	means AX Group BV, a company incorporated in the Netherlands on 27 February 2018 with registration number 71019952 and whose registered office address is at

Johannes Vermeerplein 11, 1071 DV Amsterdam, The Netherlands.

**AX Holdings Limited**

means AX Holdings Limited, a company incorporated in Jersey on 23 March 2018 with registration number 126034 and whose registered office address is at 28 Esplanade, Jersey, St Helier JE2 3QA, United Kingdom.

**AX1 Mining Limited**

means AX1 Mining Limited, a company incorporated in England and Wales on 22 January 2018 with registration number 11160868 and whose registered office address is at 545 Hyde Road, Manchester, England, M12 5NQ.

**AX1 Token(s)**

means the AX1 Tokens issued by the Issuer.

**AX1 Tokenholder**

means a holder of any AX1 Token(s).

**AX1 Token Price**

means the price at which prospective AX1 Tokenholders will be able to purchase the AX1 Tokens, as more fully described at section 7.1 of this Information Memorandum.

**Business Day**

means any day on which banks in Jersey and London are open for normal banking business (excluding Saturdays and Sundays).

**Commission**

means the Jersey Financial Services Commission.

**Companies Law**

means the Companies (Jersey) Law 1991 (as amended).

**Directors**

means the Directors of the Issuer for the time being, or as the case may be, the Directors assembled as a board or as a committee thereof and "**Board of Directors**" shall have a corresponding meaning.

**ESMA**

means the European Securities and Markets Authority.

**First Hurdle**

means the Ether equivalent of US\$1,000,000.

**Initial Coin Offering / ICO**

means the initial coin offering of the AX1 Tokens.

**ICO Offer Period**

has the meaning as set out at section 11.2 of this

Information Memorandum.

**Information Memorandum**

means this information memorandum as amended, substituted or supplemented from time to time.

**International Tax Compliance Legislation**

means the Taxation (Implementation) (Jersey) Law 2004 and any subordinate legislation, regulations or orders including but not limited to, the Taxation (Exchange of Information with Third Countries) (Jersey) Regulations 2008, the Taxation (Implementation) (International Tax Compliance) (Common Reporting Standard) (Jersey) Regulations 2015, the Taxation (Implementation) (International Tax Compliance) (United Kingdom) (Jersey) Regulations 2014, the Taxation (Implementation) (International Tax Compliance) (United States of America) (Jersey) Regulations 2014, or any other applicable international tax compliance legislation.

**Issuer**

means AX1 Limited, a company incorporated in Jersey on 6 March 2018 with registered number 125933 and whose registered office address is at 28 Esplanade, St Helier, Jersey, JE2 3QA.

**Itility Limited**

means Itility Limited, a company incorporated in England and Wales on 23 September 2002 with registered number 04541808 and whose registered office address is at Elizabeth House, Victoria Street, Manchester, M11 2NX.

**Lease**

has the meaning as set out at section 6.8 of this Information Memorandum.

**MA Marketing Limited**

means MA Marketing Limited, a company incorporated in England and Wales on 26 October 2017 with registered number 11034191 and whose registered office address is at Queens Court, Queen Street, Manchester, United Kingdom, M2 5HX.

**Minimum Purchase Amount**

has the meaning as set out at section 7.1 of this Information Memorandum.

**Pounds Sterling, "£" or GBP**

means the lawful currency of the United Kingdom.

**US Dollars, "\$" or USD**

means the lawful currency of the United States of America.

## APPENDIX 1 – WHITE PAPER